

# CDBG

## Suffolk County Community Development Block Grant Program Handbook

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### IMPORTANT NOTICE

Every year, the demand for CDBG funds exceeds the amount available to Suffolk County. The County is therefore committed to funding projects that are ready to proceed immediately after funds are available and those prepared to spend the approved funds within the allowable time period. Please plan your projects accordingly.

Please be aware that even if your projects are approved, it may be recommended at and allocated a lower level of funding than was requested. Contingency plans for smaller CDBG awards should be developed for your projects.

CDBG funds, if awarded, are NOT an on-going source of operating support. Even if you receive funding this year, there is no guarantee that approved projects will receive funding in subsequent years. However, phased projects will be given priority status in forthcoming funding rounds. At any point prior to an executed obligation agreement, allocations are subject to an increase or decrease in funded amounts.

## CDBG Program Year

The following table contains dates specific to the CDBG Program Year process. Please contact staff if you have questions regarding the activities outlined. Please note the dates below are approximate and subject to change.

Item #	Date	Activity	Description
1	August 15-20	CDBG Submission Calendar Begins	Letter to Consortium Members describing process, amount of proposed allocation
2	September 1 - November 16	Citizen Participation	County and Municipalities publish notices of their Public Hearings
3	September 1 - November 16	Citizen Participation	County holds hearing on housing and community development needs
4	September 1 - November 16	Citizen Participation	Consortium Members hold hearings on housing and community development needs
5	September 1 - November 16	CDBG Projects/Activities	Municipalities Prepare Project Description Forms based on needs, eligibility and citizen
6	November 30	Project Description Deadline	Last day for Municipalities to submit Project Description Forms to County CD Office
7	December 1 - December 31	CDBG Projects/Activities	County reviews projects for eligibility and conformity to Consolidated Plan
8	December 1 - December 31	CDBG Projects/Activities	County prepares Proposed Annual Action Plan
9	January 7	Citizen Participation	County publishes Proposed Annual Action Plan. 30 day comment period begins
10	February 10	Action Plan Submission	Proposed Annual Action Plan submitted to HUD. 45 day comment period begins
11	April 1	Program Year begins	HUD approves Action Plan
12	60 Days prior to end of Program Year	Timeliness	Grantee can have no more than 1.5 times their last allocation as line of credit
13	March 31	End of Program Year	Planning & Administrative Cap (20%) and Public Services Cap (15%)

## I. INTRODUCTION

The purpose of this handbook is to provide an overview of Suffolk County's Community Development Block Grant (CDBG) Program. This handbook is for informational purposes only and is not intended to be a full disclosure of all applicable federal, state or local rules, regulations or reporting requirements.

The CDBG Entitlement Communities Program provides federal assistance from the U.S. Department of Housing and Urban Development (HUD) to nearly 1,000 of the largest localities in the country. The statutory objective of the CDBG Program is the development of viable communities, principally for low/moderate income persons, through:

- Decent housing
- Suitable living environment
- Expanded economic opportunity

The Suffolk County Consortium CDBG Program has provided a flexible source of annual funding to local municipalities. Currently the Consortium is made up of the following 17 municipalities:

- |                          |                                |
|--------------------------|--------------------------------|
| • Town of Brookhaven     | • Village of Lake Grove        |
| • Town of East Hampton   | • Village of Patchogue         |
| • Town of Riverhead      | • Village of Port Jefferson    |
| • Town of Shelter Island | • Village of Sag Harbor        |
| • Town of Smithtown      | • Village of Shoreham          |
| • Town of Southampton    | • Village of Southampton       |
| • Town of Southold       | • Village of Westhampton Beach |
| • Village of Bellport    | • Village of Westhampton Dunes |
| • Village of The Branch  |                                |

The program offers, with citizen participation, the opportunity to improve development priorities, provided that these projects meet one of three national objectives:

- Benefit low/moderate-income (LMI) persons, OR
- Prevent or eliminate slums and blight, OR
- Meet an urgent need

## II. GENERAL ELIGIBILITY

Proposed CDBG activity must comply with a Suffolk County Eligible Activity **AND** a National Objective as detailed below.

**A. Eligible Activities:** The following criteria should be used to help determine whether a CDBG-assisted activity complies with one of the basic eligible activities as required.

- **Public Facilities and Infrastructure:** May acquire, construct, reconstruct, rehabilitate or install public facilities and infrastructure improvements. Public facilities include amenities that are publicly owned or that are traditionally provided by government, or owned by a nonprofit and operated so as to be open to the general public. Public infrastructure improvements include streets, sidewalks, curbs and gutters, parks, playgrounds, water and sewer lines, flood and drainage improvements, utility lines. The regulations specify that facilities that are designed for use in providing shelter for persons having special needs are considered to be public facilities (and not permanent housing), and thus are covered under this category of basic eligibility. Such shelters

include nursing homes, convalescent homes, hospitals, shelters for victims of domestic violence, shelters and transitional facilities/housing for the homeless, halfway houses for run-away children, group homes for the developmentally disabled and shelters for disaster victims.

- **Public Services:** To be eligible for CDBG assistance a public service **MUST** be either a new service or a quantifiable increase in the level of an existing service above that which has been provided by or on behalf of the County in the 12-calendar months before the submission of the action plan. **The amount of CDBG funds used for public services cannot collectively exceed 15% among all awarded applications of the County's entitlement amount.**
- **Housing Rehabilitation:** Housing rehab programs include residential properties, publicly or privately owned, nonprofit-owned, nonresidential buildings and improvements that are not considered to be public facilities. Eligible types of assistance may include the cost of labor, materials, supplies and other expenses required for the rehabilitation of property including the replacement cost of heating/cooling systems, windows, insulation; costs of evaluating and treating lead based paint whether alone or in conjunction with other rehabilitation, and the costs of connecting existing residential structures to water distribution lines or local sewer collection lines. Housing programs may also include funding the development or acquisition of rental units or funding homebuyer and fair housing counseling and education to low and moderate income households.
- **Nonprofit (Community-Based Development) Organization Capacity-Building:** Activities that increase capacity or neighborhood-based organizations to effectively address their needs and carry out other tasks relative to improving neighborhoods.
- **Economic Development Activities:** Economic development services of providing necessary job training such as outreach efforts to market available technical assistance, applicant screening, reviewing and underwriting applications for assistance, preparation of agreements, management of assisted activities and the screening, referral and placement of applicants for employment. Microenterprise businesses (five or fewer employees, one or more of who owns the business) are also eligible for CDBG funding for stabilization and expansion or for start-up purposes.

**B. Ineligible Activities:** The following are **not** CDBG eligible activities:

1. Buildings for the general conduct of government
2. General governmental expenses
3. Political activities
4. Income payments

### **III. NATIONAL OBJECTIVES**

The following criteria should be used to determine whether a CDBG-assisted activity complies with the following national objective as required:

**A. Benefit to Low/Moderate Income Person:** Activities meeting one of the following criteria will be considered to benefit low-or moderate-income person, unless there is substantial evidence to the contrary.

- **Area Benefit Activities:** An activity that benefits all residents in a particular area, where at least 51% of the residents are low-or moderate-income persons. Such an area need not be coterminous with census tracts or other officially recognized boundaries, but the

entire area must be served by the activity. **An activity that serves an area that is not primarily residential in character shall not qualify under this criterion.** CDBG regulations require documentation of area boundaries that will be served.

- **Limited Clientele Activities:** Are activities which benefit a limited clientele, at least 51% of whom are low- or moderate-income persons or activities that benefit a client presumed to be low- or moderate-income persons. Presumed benefit clients are abused children, battered spouses, elderly persons (age 62 years or older), adults meeting the Census Bureau's current Population Reports definition of "severely disabled", homeless persons, illiterate adults, persons living with AIDS, and migrant farm workers. CDBG regulations require the subrecipient to document the demographics and income levels of clientele provided such activities.
- **Housing Activities:** Are activities carried out for the purpose of providing or improving permanent residential structures which, upon completion, will be occupied by 51% low- or moderate-income households. CDBG regulations require the subrecipient to document numbers of households served, number of units completed and demographics and income level of the household occupying the unit.
- **Job Creation or Retention Activities:** Are activities designed to create or retain permanent jobs, where at least 51% of the jobs, computed on a full-time equivalent basis, involve the employment of low- or moderate-income persons. CDBG regulations require the subrecipient to document one of the following:
  - (1) for an activity that creates jobs, the subrecipient must document that at least 51% of the jobs will be held by, or will be available to, low- or moderate-income persons; or
  - (2) for an activity that retains jobs, the subrecipient must document that the jobs would have been lost without CDBG assistance and that either the job is known to be held by a low- or moderate-income person or the job can reasonably be expected to turn over within the following two years and that steps will be taken to ensure that it will be filled by, or made available to, a low- or moderate-income person upon turnover.

#### **IV. COMMUNITY DEVELOPMENT BLOCK GRANT POLICIES**

- A. Project/Activity Policy:** All Projects/Activities are reviewed by the Suffolk County Community Development staff. Projects are reviewed for eligibility meeting National Objectives and is in line with Suffolk County's most recent 5 year Consolidated Plan. The Projects/Activities are also reviewed on financial and programmatic feasibility. Projects/Activities that are submitted not using the most recent Project Description Forms (located on the Community Development web site) will not be considered. Incomplete forms will also not be considered.
- B. Environmental Review Policy:** The County will review determine which activities are exempt from Exempt from Environmental Review. Those that are not will be reviewed by a person authorized by the County to conduct an Environmental Review. Municipalities that would prefer to conduct their own Environmental Review must have written permission from the Suffolk County to do so. Suffolk County will advertised and submit to HUD all Projects/Activities requiring a Release of Funds.
- C. Contract Compliance Policy:** All Projects/Activities requiring Contract Compliance cannot proceed before review by Suffolk County Community Development Staff.

- D. Public Services Policy:** Project/Activities determined to be a Public Service are capped. Each Program Year the Consortium's Public Service expenditures are capped at 15% of the current CDBG allocation and the prior year Program Income. Public Services will be monitored by the Suffolk County Community Development Staff.
- E. Administration (Activity) Policy:** Municipalities that would like to allocate administration funds from their annual allocation, to assist with the implementation of their CDBG activities, must receive prior authorization from Suffolk County Community Development. Administration is a capped activity. Each Program Year the Consortium's Administration expenditures are capped at 20% of the current CDBG allocation and current year Program Income.
- F. Voucher Policy:** Vouchers need appropriate back up.
- G. Budget Modifications:** Before proceeding with any budget modification the municipality must get approval from the Suffolk County Community Development Office. No funds can be transferred into Public Services or Administration. There is a 30 day comment period on Budget Modifications. Four original signed Budget Modification forms, an Affidavit of Publication and an original signed Project Description Form (if applicable) are to be submitted to the Suffolk County Community Development Office. A letter stating the Budget Modification was processed along with the Budget Modification Form will be sent back to the Municipality. No Project/Activity can proceed until this and any environmental and contract compliance items are completed.
- H. Program Income:** Program Income generated by the municipality through its CDBG program is to be vouchered before its program funds. The same requirements for submitting a voucher to the Suffolk County Community Development Office apply except a Program Income Voucher must be utilized. Program Income expended does not apply to the Consortium's Timeliness deadline.

## **V. POST CDBG FUNDING**

Following approval of the Annual Action Plan by HUD, the Community Development staff will prepare CDBG municipality agreements (contracts) for the selected projects. Agreements will contain the terms and conditions of the CDBG funding requirements. The municipality will be required to sign an original agreement and if applicable, certifications of Davis Bacon regulations, OMB Circular requirements, spend down and/or other requirements deemed necessary for the award. The term length of agreements is subject to receipt of the grant award from HUD. It is expected that Municipalities have balances in no more than the most recent 5 Program Years. Each Municipality is expected to have balances meeting the HUD requirement of no more than 1.5 times their last allocation.

- A. Environmental Clearances:** All CDBG funded activities must undergo environmental review in accordance with the National Environmental Policy Act (NEPA). Suffolk County Community Development staff will determine the level of environmental review required and will initiate this process. Municipalities that have written permission to conduct their own Environmental Review must submit the review to Suffolk County. **Note: Any project work commenced prior to complete environmental review will not be funded under any circumstances; said project will be cancelled in entirety and cannot be considered for future funding.**
- B. Federal Labor Standards Provisions (Davis-Bacon Act):** This applies to any construction, rehabilitation, alteration or repair including painting, flooring, and decoration in an amount of two-thousand (\$2,000.00) dollars or more, any part of which is federal money. The prevailing federal wage rates and fringe benefits are effective as of the date of the advertisement for bids. Davis-Bacon wage rate schedule is available at: [www.wdol.gov](http://www.wdol.gov). Workers must be paid weekly and certified payrolls submitted in the prescribed format. The

payrolls must include details of each worker's job classification, hours worked and wages and benefits paid. Any discrepancies in wages paid and applicable wages must be resolved immediately. Workers will be interviewed on the job site regarding appropriate job classification and wage and benefits received. CD staff will coordinate with subrecipients when scheduling worker interviews.

- C. Disbursement of CDBG Funds:** CDBG funds are paid out on a reimbursement basis for actual costs directly related to the implementation of the approved project. Reimbursements will be made only for cost described in the approved budget outlined in the agreement, following submittal of payment requests and all supporting documentation in the format required by the County. **Note: Any project services provided, construction, or expenditures accrued and/or incurred prior to an executed agreement date will not be eligible for reimbursement with CDBG funds and the approved project will be subject to complete cancellation.**
- D. Monitoring:** Suffolk County Community Development Staff and/or authorized personnel will monitor consortium members and their subrecipients to ensure all county and federal regulations are being met.